

Assembly Bill AB-980

Assemblymember Sandré R. Swanson (D-16)

THIS BILL

Charter schools within the geographic boundary of a school district that is repaying an emergency loan from the State, and for which an administrator appointed by the Superintendent of Public Instruction (SPI) is supervising the governing board, will be required to pay a prorated amount to the annual loan payment made by the district.

Specifically, this bill would require the SPI to deduct the prorated amount from the general purpose entitlement funding calculated for the charter school and apply the amount deducted towards the outstanding balance of the applicable emergency apportionment repayment.

ISSUE

School districts in California may qualify for an emergency loan apportionment from the state if they face financial insolvency. School districts receive funding based on the number of students who attend school, based on a formula known as Average Daily Attendance. (ADA) Declining enrollment is often a contributing factor in these districts' financial issues, as infrastructure and personnel costs do not smoothly scale to match decreased student attendance.

Charter schools by definition exacerbate declining enrollment, as students move from traditional public schools to charter schools. The loss of pupils leads to decreased revenues for the district, impacting their ability to repay the loan.

Additionally, charter schools are currently not required to contribute to the repayment of the state loan, forcing students in district schools to shoulder a disproportionate burden of the debt.

EXISTING LAW:

Existing laws authorize the governing board of an insolvent school district to request an emergency apportionment through the Superintendent of Public Instruction subject to specified requirements and repayment provisions, including a requirement that the district repay the loan amount with interest. Existing law requires the SPI to assume all of the legal rights, duties and powers of the governing board of a qualifying school district, or school districts which has received the emergency apportionment. Existing law also states that the SPI must consult with the county superintendent of schools to appoint an administrator to act on behalf of the SPI in exercising the authority assumed from the school district.

BACKGROUND

In 2008, the Select Committee on State School Financial Takeovers convened a hearing to discuss the effectiveness of the State receivership system. One issue that local stakeholders in different districts repeated was the impact that charter school growth had on their finances.

Loan repayments are generally a fixed amount over a designated period of time. Thus, as district revenues decline, the loan payment assumes a larger percentage of the district budget, leaving a shrinking percentage that can be devoted to educational programs.

One district, Oakland Unified School District, noted that in the course of its receivership, charter school enrollment nearly tripled, composing approximately 20% of remaining public school enrollment. The result was that students in the traditional

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public schools were each shouldering a larger burden of the debt than before.

In another district, West Fresno Elementary School District, nearly a third of local students attend charter schools, making the annual state loan payment an incredibly heavy burden for the district.

SUPPORT

American Federation of Teachers, Local 771
Bay Area Parent Leadership Action
Network
California Teachers Association
California School Boards Association
Oakland Education Association

OPPOSITION

California Charter Schools Association

STATUS

April 15, 2009 – Passed Asm. Education 6-2
February 27, 2009 – Introduced

FOR MORE INFORMATION:

Douglas Maclean, Communications Director
(916) 319-2016